

BURNING ECONOMIC ISSUES



- Shortage of margarine for baking products due to forex scarcity
- Emirates and Kenya Airways exit Abuja route
- Average interbank interest rates crashed to 20% pa. as FX auction disappoints
- \$313m only sold, much lower than expected



Saudi Arabia launches its first international bond sale of \$17.5bn

- ExxonMobil divests from Nigerian downstream sector



- Naira flat at parallel market (**N455/\$**), down marginally at interbank (**N305.25/\$**)

DOMESTIC COMMODITY PRICES



- Price of baked products to increase by 15% - *AMBCON*



- Prices of bread to spike



- Rice trading at N22,600 per 50kg



- Diesel price flat at N190-N195/liter





**Association of Master Bakers and Caterers of Nigeria (AMBCON)

DOMESTIC COMMODITY PRICES

Price Elastic

Price Inelastic

		CURRENT PRICES			Lagos Price	
Commodities		LAGOS	KANO	ONITSHA	1 year Low	1 year High
Price Elastic	Palm Oil (25L) 	↓ N14,000	N14,800	N14,200	N6,000	N16,000
	Semolina(10kg) 	↔ N3,100	N3,150	N3,120	N2,300	N3,100
	Maize (50kg) 	↔ N13,250	N13,350	N13,450	N9,000	N13,250
	Tomatoes (50kg) 	↔ N8,000	N7,800	N8,000	N8,000	N8,000
Price Inelastic	Garri (50kg) 	↑ N12,000	N12,200	N12,500	N8,000	N10,500
	Rice (50kg) 	↑ N22,600	N22,000	N22,800	N12,000	N22,600
	Flour (50kg) 	↔ N11,000	N11,000	N11,000	N8,500	N11,000
	Sugar (50kg) 	↑ N19,000	N19,500	N19,800	N8,000	N17,000
	Beans (50kg) 	↑ N22,500	N22,300	N22,800	N9,000	N19,000
	Cement (50kg) 	↔ N2,200	N2,200	N2,300	N1,400	N2,200

CONSUMER GOODS

GOODS		Current Price – Lagos
Coke (60cl)	↔	N100
Beer (60cl)	↔	N250
Bread Loaf	↔	N350
Semovita (1kg)	↔	N370
Indomie (1 cartoon)	↔	N1,800

STOCK MARKET

- NSE ASI down by 0.01% to close at 27,596.82pts
- Dearth of positive news to boost investor sentiment

	Share Prices (₹)		W-O-W (19 Oct – 21 Oct)		Y-T-D (Jan - Date)
Nestle	805.57	↓	0.69%		7.00% ↓
Guinness	82.29	↓	4.11%		34.50% ↓
Honeywell	1.24	↑	1.61%		38.50% ↓
Flourmill	20.20	↓	0.99%		3.80% ↑
Cadbury	14.89	↓	7.19%		19.40% ↓
NB	144.05	↑	0.66%		6.60% ↑
Dangote Sugar	6.50	↓	1.54%		6.81% ↑



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OIL MARKETS TODAY

COMMODITY	WEEKLY CHANGE 20 Oct – 21 Oct 2016	YTD	CURRENT PRICE
O I L			
BRENT	 0.80%	 39.15%	\$51.79pb
WTI	 0.95%	 38.49%	\$50.91pb
L N G			
NATURAL GAS	 0.96%	 36.23%	\$3.17MMBtu

OIL PRICES STEADY ABOVE \$52



- Brent crude  0.80% to \$51.97pb
- WTI  0.95 % to \$50.91pb
- Oil prices gained momentum due to upbeat outlook
- “Fundamentals are improving, supply/demand are rebalancing”
-Saudi Arabian Energy Minister
- “Confident about prospects of a planned production cut in Nov. 30 meeting” - *OPEC Secretary General*
- Chinese crude production declined by 9.8% to 3.89mbpd
- U.S crude inventories fell by 5.2mb to 468.7mb – *EIA*

AGRIC COMMODITIES

Wheat



•Wheat futures down 0.71% to \$4.17/bushel

•Favourable weather conditions in the U.S and Australia weigh on prices

Corn



•Corn futures down 0.49% to \$3.52/bushel

•Due to technical buying

Cocoa



•Cocoa prices up 0.33% to \$2,707/mt

•Cocoa arrivals at ports in Ivory Coast reached 98,000tons
•Down from 145,000tons same period last year

Sugar



•Sugar prices down 0.22% to \$22.97/pound

•Closed lower on expectations of early sugar cane crushing in India
•Coupled with good domestic supplies

OUTLOOK – OIL PRICES



- Oil prices to trade between \$50 - \$55pb
- On expectation of production freeze in Nov. 30 meeting
- OPEC officials are optimistic about reaching a deal
- Production cut quotas will determine prices in the medium term
- Weak global demand not strong enough to mop up excess supply

OUTLOOK – AGRIC PRICES

Grains

- USDA unexpectedly cut forecast for global stockpiles
- This will be bullish for grain futures in the medium term



SUGAR

Soft

- Prices are expected to trade lower due to improved harvests in Brazil

COCOA

- Rainfall in West Africa is expected to revive trees and improve crop harvest

